

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Clam Lake Township</b>	County <b>Wexford</b>
Audit Date <b>6/30/05</b>	Opinion Date <b>9/15/05</b>	Date Accountant Report Submitted to State: <b>11/23/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☒ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Baird, Cotter &amp; Bishop, P.C.</b>			
Street Address <b>134 W. Harris Street</b>		City <b>Cadillac</b>	State <b>MI</b>
		ZIP <b>49601</b>	
Accountant Signature 			Date <b>11/23/05</b>

**CLAM LAKE TOWNSHIP, WEXFORD COUNTY**

**CADILLAC, MICHIGAN**

**JUNE 30, 2005**

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

JUNE 30, 2005

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*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

September 15, 2005

### INDEPENDENT AUDITORS' REPORT

To the Township Board  
Clam Lake Township  
Wexford County  
Cadillac, Michigan

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Clam Lake Township, Wexford County, Cadillac, Michigan as of and for the year ended June 30, 2005, which collectively comprise the Township's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the Township's Management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The basic financial statements referred to above do not include financial data of the Downtown Development Authority, which should be included in order to conform with accounting principles generally accepted in the United States of America. If the omitted component unit had been included, the assets, revenues and expenditures of the special revenue fund type would have increased by \$222,138, \$74,640 and \$29,051 respectively. There would have been an increase in the excess of revenues and other sources over expenditures and other uses in that fund type of \$45,589 for the year, and the special revenue fund type fund balance would have been increased \$222,138.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clam Lake Township, Wexford County, Cadillac, Michigan as of June 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through x and budgetary comparison information on page 25 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Clam Lake Township, Wexford County, Cadillac Michigan's basic financial statements. The combining and individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

CLAM LAKE TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2005

Clam Lake Township, a general law township located in Wexford County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Clam Lake Township board's discussion and analysis of the financial results for the fiscal year ended June 30, 2005.

**Financial Highlights**

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$1,078,001. Of this amount, \$497,117 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$447,096 an increase of \$33,144 in comparison with the prior year. About 80.3% is available for spending at the Township's discretion.
- ◆ The Township is not obligated under any long-term debt as of June 30, 2005.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that



CLAM LAKE TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2005

are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include legislative, general government, public safety, public works, cultural and recreation, and other functions. The business-type activities of the Township include Sewer operation.

**Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. All of the funds of the Township can be divided into two categories - governmental funds and proprietary funds.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

***Proprietary Funds*** – The Township maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund since it is considered to be a major fund of the Township.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Clam Lake Township's own programs.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2005

**Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

**Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$1,078,001 at June 30, 2005, meaning the Township's assets were greater than its liabilities by this amount. A comparison with the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

<b>Clam Lake Township Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Assets</b>						
Current Assets	\$ 462,843	\$ 435,286	\$ 36,030	\$ 35,790	\$ 498,873	\$ 471,076
Non Current Assets						
Capital Assets	\$ 575,948	\$ 575,948	\$ 114,467	\$ 114,467	\$ 690,415	\$ 690,415
Less: Accumulated Depreciation	(51,156)	(30,693)	(58,375)	(56,086)	(109,531)	(86,779)
Total Non Current Assets	\$ 524,792	\$ 545,255	\$ 56,092	\$ 58,381	\$ 580,884	\$ 603,636
<b>Total Assets</b>	<u>\$ 987,635</u>	<u>\$ 980,541</u>	<u>\$ 92,122</u>	<u>\$ 94,171</u>	<u>\$ 1,079,757</u>	<u>\$ 1,074,712</u>
<b>Liabilities</b>						
Current Liabilities	\$ 1,756	\$ 1,898	\$ 0	\$ 0	\$ 1,756	\$ 1,898
<b>Net Assets</b>						
Invested in Capital Assets	\$ 524,792	\$ 545,255	\$ 56,092	\$ 58,381	\$ 580,884	\$ 603,636
Restricted	88,601	0	0	0	88,601	0
Unrestricted	372,486	433,388	36,030	35,790	408,516	469,178
<b>Total Net Assets</b>	<u>\$ 985,879</u>	<u>\$ 978,643</u>	<u>\$ 92,122</u>	<u>\$ 94,171</u>	<u>\$ 1,078,001</u>	<u>\$ 1,072,814</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 987,635</u>	<u>\$ 980,541</u>	<u>\$ 92,122</u>	<u>\$ 94,171</u>	<u>\$ 1,079,757</u>	<u>\$ 1,074,712</u>

CLAM LAKE TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2005

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others). The Township is not responsible for any long-term debt as of June 30, 2005. Other liabilities are minimal as of June 30, 2005.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The total net assets of the Township increased by \$5,187 or 0.5% in this fiscal year, which is a good indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

**Clam Lake Township  
Change in Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b><u>Revenues</u></b>						
<b>Program Revenues</b>						
Charges for Services	\$ 20,036	\$ 74,183	\$ 8,636	\$ 10,121	\$ 28,672	\$ 84,304
<b>General Revenues</b>						
Property Taxes and Assessments	222,479	202,263	0	0	222,479	202,263
State Shared Revenue	152,804	154,745	0	0	152,804	154,745
Unrestricted Investment Earnings	7,480	2,771	26	2,319	7,506	5,090
Gain on Sale of Capital Assets	0	81,945	0	0	0	81,945
Other	19,086	25,562	0	0	19,086	25,562
<b>Total Revenues</b>	<b>\$ 421,885</b>	<b>\$ 541,469</b>	<b>\$ 8,662</b>	<b>\$ 12,440</b>	<b>\$ 430,547</b>	<b>\$ 553,909</b>
<b><u>Expenses</u></b>						
Legislative	\$ 25,022	\$ 27,694	\$ 0	\$ 0	\$ 25,022	\$ 27,694
General Government, Administrative	110,041	120,855	0	0	110,041	120,855
Public Safety	143,054	135,637	0	0	143,054	135,637
Public Works	114,115	114,385	0	0	114,115	114,385
Other Functions	22,417	20,903	0	0	22,417	20,903
Sewer	0	0	10,711	10,774	10,711	10,774
<b>Total Expenses</b>	<b>\$ 414,649</b>	<b>\$ 419,474</b>	<b>\$ 10,711</b>	<b>\$ 10,774</b>	<b>\$ 425,360</b>	<b>\$ 430,248</b>
Changes in Net Assets	7,236	121,995	(2,049)	1,666	5,187	123,661
<b><u>NET ASSETS</u></b> – Beginning of Year	<b>\$ 978,643</b>	<b>\$ 856,648</b>	<b>\$ 94,171</b>	<b>\$ 92,505</b>	<b>\$ 1,072,814</b>	<b>\$ 949,153</b>
<b><u>NET ASSETS</u></b> – End of Year	<b>\$ 985,879</b>	<b>\$ 978,643</b>	<b>\$ 92,122</b>	<b>\$ 94,171</b>	<b>\$ 1,078,001</b>	<b>\$ 1,072,814</b>

CLAM LAKE TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2005

**Governmental Activities**

During the fiscal year ended June 30, 2005, the Township's net assets increased by \$7,236 or 0.7% in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant part of the revenue for all governmental activities of Clam Lake Township comes from property taxes. The Township levied operating and fire protection millages, this fiscal year. As a result, current property tax revenue increased by \$20,216 or 9.99%. The Township levied 0.9758 mills for operating purposes and 1.9525 mills for fire protection.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In 2005, the amount of state shared revenue received by the Township trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

The Township's governmental activities expenses are dominated by public safety expenses that total 34.4% of total expenses. The Township spent \$143,054 in fiscal year 2005 on public safety expenses. Public works expenses represented the next largest expense at \$114,115 followed by general government at \$110,041. These represent 27.5% and 26.5% respectively. Expenses for salaries, including Township assessor, represent a large portion of the general administrative expenses at \$68,387. Depreciation expense added another \$20,463.

**Business-Type Activities**

The Township utilizes a Sewer Fund to account for its sewer operations. Revenue is collected from customers within the Township. These charges for services totaled \$8,636 for 2005. The Township pays the Wexford County Department of Public Works for Township sewer services which accounted for \$8,422 of the Sewer Funds expenses or 78.6%. Depreciation expense of \$2,289 accounted for the remaining 21.4%.

Sewer operations experienced a 2.2% decrease in net assets.

The Sewer Fund is the Township's only business-type activity.

**Financial Analysis of the Government's Funds**

***Governmental Activities*** The focus of Clam Lake Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2005

At the end of the current fiscal year, Clam Lake Township's governmental funds reported combined ending fund balances of \$447,096. Approximately 80.3% of this total amount (\$358,495) constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures that will enhance fire protection.

**General Fund** – The General Fund increased its fund balance by \$30,196, which brings the fund balance to \$358,495.

All of the General Funds functions ended the year with expenditures below budgeted amounts. Property tax revenues increased by 13.3% or \$10,835. State shared revenues decreased by \$1,941 from the prior year. This represents a 1.3% reduction which resulted from the State actions in response to the economic slowdown experienced throughout the State of Michigan.

**Fire Fund** – The Fire Fund decreased its fund balance by \$15, which brings the fund balance to \$83,331. This balance is reserved and must be used for fire protection.

The Township did once again levy a fire millage on the 2004 tax roll. Tax related revenues totaled \$127,271 a 5.7% increase, for the current fiscal year. All of the Fire Funds functions ended the year with expenditures below budgeted amounts.

**Road Improvement Fund #11** – The Road Improvement Fund #11's fund remained the same at \$0.

The total costs for road improvements have been paid in full.

**Road Improvement Fund #12** – The Road Improvement Fund #12 increased its fund balance by \$45, which brings the fund balance to \$1,460. This balance is reserved and must be used for road improvements.

This is a temporary fund which will ultimately be zeroed out when the special assessments are collected in full.

**Proprietary Fund** The Township's proprietary fund provides the same information as the government-wide statements.

**Sewer Fund** – The Sewer Fund ended the fiscal year with a decrease in net assets of \$2,049. Net assets invested in capital assets decreased by the amount of the depreciation deduction or \$2,289. A positive change in cash flows illustrates that actual cash inflows are higher than cash outflows.

**Capital Assets and Debt Administration**

**Capital Assets.** The Township's investment in capital assets for governmental and business-type activities as of June 30, 2005 amounted to \$580,884 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$5,000 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2005

*Clam Lake Township*  
*Capital Assets*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land and Land Improvements	\$ 177,846	\$ 177,846	\$ 0	\$ 0	\$ 177,846	177,846
Buildings	373,731	373,731	0	0	373,731	373,731
Improvements	0	0	114,467	114,467	114,467	114,467
Machinery and Equipment	24,371	24,371	0	0	24,371	24,371
	575,948	575,948	114,467	114,467	690,415	690,415
Less Accumulated Depreciation	51,156	30,693	58,375	56,086	109,531	86,779
<b>Net Capital Assets</b>	<b>524,792</b>	<b>545,255</b>	<b>56,092</b>	<b>58,381</b>	<b>580,884</b>	<b>603,636</b>

**Long-Term Debt.** Clam Lake Township has no obligation for any long-term debt as of June 30, 2005.

**Economic Condition and Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to decrease in the 2005-06 fiscal year. The Township has budgeted for a decrease as more cuts are expected.

These factors were considered in preparing the Township's budgets for the 2005-06 fiscal year.

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Clam Lake Township at 8809 E. M-115, Cadillac, MI 49601.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS  
JUNE 30, 2005

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 437,335	\$ 33,266	\$ 470,601
Receivables			
Accounts	0	2,764	2,764
Special Assessments	19,565	0	19,565
External Party (Fiduciary Fund)	5,718	0	5,718
Taxes	225	0	225
Total Current Assets	462,843	36,030	498,873
<u>CAPITAL ASSETS</u>			
Land and Land Improvements	177,846	0	177,846
Buildings	373,731	0	373,731
Improvements Other Than Buildings	0	114,467	114,467
Machinery and Equipment	24,371	0	24,371
	575,948	114,467	690,415
Less Accumulated Depreciation	51,156	58,375	109,531
Net Capital Assets	524,792	56,092	580,884
TOTAL ASSETS	\$ 987,635	\$ 92,122	\$ 1,079,757
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES</u>			
Payroll Withholdings	\$ 1,349	\$ 0	\$ 1,349
Accrued Payroll Taxes	407	0	407
TOTAL LIABILITIES	1,756	0	1,756
<u>NET ASSETS</u>			
Invested in Capital Assets	524,792	56,092	580,884
Restricted			
Road Improvements	1,460	0	1,460
Fire Protection	83,331	0	83,331
Street Lighting	1,487	0	1,487
Debt Retirement	2,323	0	2,323
Unrestricted	372,486	36,030	408,516
TOTAL NET ASSETS	985,879	92,122	1,078,001
TOTAL LIABILITIES AND NET ASSETS	\$ 987,635	\$ 92,122	\$ 1,079,757

The accompanying notes are an integral part of the financial statements.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR	OPERATING	CAPITAL	GOVERNMENTAL	BUSINESS-TYPE	TOTALS
		SERVICES	GRANTS AND	GRANTS AND	ACTIVITIES	ACTIVITIES	
			CONTRIBUTIONS	CONTRIBUTIONS			
<u>PRIMARY GOVERNMENT</u>							
<u>GOVERNMENTAL ACTIVITIES</u>							
Legislative	\$ 25,022	\$ 0	\$ 0	\$ 0	\$ (25,022)	\$ 0	\$ (25,022)
General Government	110,041	19,211	0	0	(90,830)	0	(90,830)
Public Safety	143,054	825	0	0	(142,229)	0	(142,229)
Public Works	114,115	0	0	0	(114,115)	0	(114,115)
Other Functions	22,417	0	0	0	(22,417)	0	(22,417)
Total Governmental Activities	\$ 414,649	\$ 20,036	\$ 0	\$ 0	\$ (394,613)	\$ 0	\$ (394,613)
<u>BUSINESS-TYPE ACTIVITIES</u>							
Sewer System	\$ 10,711	\$ 8,636	\$ 0	\$ 0	\$ 0	\$ (2,075)	\$ (2,075)
TOTAL	\$ 425,360	\$ 28,672	\$ 0	\$ 0	\$ (394,613)	\$ (2,075)	\$ (396,688)
<u>GENERAL REVENUES</u>							
Property Tax and Special Assessments					\$ 222,479	\$ 0	\$ 222,479
State Shared Revenue					152,804	0	152,804
Unrestricted Investment Earnings					7,480	26	7,506
Other					19,086	0	19,086
Total General Revenues					\$ 401,849	\$ 26	\$ 401,875
Change in Net Assets					\$ 7,236	\$ (2,049)	\$ 5,187
<u>NET ASSETS</u> - Beginning of Year					978,643	94,171	1,072,814
<u>NET ASSETS</u> - End of Year					\$ 985,879	\$ 92,122	\$ 1,078,001

The accompanying notes are an integral part of the financial statements.



CLAM LAKE TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2005

	GENERAL FUND	ROAD IMPROVEMENT FUND #11	ROAD IMPROVEMENT FUND #12	FIRE FUND	NONMAJOR FUNDS	TOTALS
<u>ASSETS</u>						
Cash	\$ 346,970	\$ 0	\$ 0	\$ 86,791	\$ 3,574	\$ 437,335
Special Assessment Receivable	0	13,425	5,338	0	802	19,565
Due from Other Funds	7,452	0	0	0	0	7,452
Due from Fiduciary Fund	5,718	0	0	0	0	5,718
Taxes Receivable	111	0	0	114	0	225
TOTAL ASSETS	<u>\$ 360,251</u>	<u>\$ 13,425</u>	<u>\$ 5,338</u>	<u>\$ 86,905</u>	<u>\$ 4,376</u>	<u>\$ 470,295</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Payroll Withholdings	\$ 1,349	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,349
Accrued Payroll Taxes	407	0	0	0	0	407
Due to Other Funds	0	0	3,878	3,574	0	7,452
Deferred Revenue	0	13,425	0	0	566	13,991
Total Liabilities	<u>1,756</u>	<u>13,425</u>	<u>3,878</u>	<u>3,574</u>	<u>566</u>	<u>23,199</u>
<u>FUND BALANCE</u>						
Reserved for:						
Road Improvements	0	0	1,460	0	0	1,460
Fire Protection	0	0	0	83,331	0	83,331
Street Lighting	0	0	0	0	1,487	1,487
Debt Retirement	0	0	0	0	2,323	2,323
Unreserved						
Designated for Fire Equipment	69,878	0	0	0	0	69,878
Undesignated	288,617	0	0	0	0	288,617
Total Fund Balance	<u>358,495</u>	<u>0</u>	<u>1,460</u>	<u>83,331</u>	<u>3,810</u>	<u>447,096</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 360,251</u>	<u>\$ 13,425</u>	<u>\$ 5,338</u>	<u>\$ 86,905</u>	<u>\$ 4,376</u>	<u>\$ 470,295</u>

The accompanying notes are an integral part of the financial statements.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2004

Total Fund Balances for Governmental Funds	\$	447,096
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Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Land and Land Improvements	\$	177,846	
Buildings		373,731	
Equipment		24,371	
Accumulated Depreciation		<u>(51,156)</u>	524,792

Other long-term assets are not available to pay for current period  
expenditures and therefore are not reported in the funds.

Special Assessment Receivables		<u>13,991</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>985,879</u></u>
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The accompanying notes are an integral part of the financial statements.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	GENERAL FUND	ROAD IMPROVEMENT FUND #11	ROAD IMPROVEMENT FUND #12	FIRE FUND	NONMAJOR FUNDS	TOTALS
<u>REVENUES</u>						
Taxes	\$ 92,397	\$ 0	\$ 0	\$ 127,271	\$ 3,988	\$ 223,656
Licenses and Permits	7,482	0	0	0	0	7,482
State Grants	152,804	0	0	0	0	152,804
Charges for Services	8,779	0	0	0	0	8,779
Interest and Rents	11,199	0	0	0	5	11,204
Other Revenues	1,206	5,901	1,415	14,593	290	23,405
Total Revenues	\$ 273,867	\$ 5,901	\$ 1,415	\$ 141,864	\$ 4,283	\$ 427,330
<u>EXPENDITURES</u>						
Legislative	\$ 25,022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,022
General Government	89,578	0	0	0	0	89,578
Public Safety	1,175	0	0	141,879	0	143,054
Public Works	111,820	0	0	0	2,295	114,115
Other Functions	22,417	0	0	0	0	22,417
Total Expenditures	\$ 250,012	\$ 0	\$ 0	\$ 141,879	\$ 2,295	\$ 394,186
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,855	\$ 5,901	\$ 1,415	\$ (15)	\$ 1,988	\$ 33,144

The accompanying notes are an integral part of the financial statements.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

	GENERAL FUND	ROAD IMPROVEMENT FUND #11	ROAD IMPROVEMENT FUND #12	FIRE FUND	NONMAJOR FUNDS	TOTALS
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	\$ 7,317	\$ 0	\$ 0	\$ 0	\$ 976	\$ 8,293
Transfers Out	(976)	(5,901)	0	0	(1,416)	(8,293)
Total Other Financing Sources (Uses)	\$ 6,341	\$ (5,901)	\$ 0	\$ 0	\$ (440)	\$ 0
Net Change in Fund Balance	\$ 30,196	\$ 0	\$ 1,415	\$ (15)	\$ 1,548	\$ 33,144
<u>FUND BALANCE</u> - Beginning of Year	328,299	0	45	83,346	2,262	413,952
<u>FUND BALANCE</u> - End of Year	\$ 358,495	\$ 0	\$ 1,460	\$ 83,331	\$ 3,810	\$ 447,096

The accompanying notes are an integral part of the financial statements.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005

Net change in Fund Balance - Total Governmental Funds	\$ 33,144
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(20,463)
Under modified accrual basis of accounting, revenue is recognized when measurable and certain. The entity wide statements recognize revenue when earned.	
Special assessment revenue previously recognized when earned for the entity wide statements.	<u>(5,445)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,236</u></u>

The accompanying notes are an integral part of the financial statements.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

PROPRIETARY FUND

STATEMENT OF NET ASSETS

JUNE 30, 2005

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUND - MAJOR FUND

	<u>SEWER FUND</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	
Savings Account	\$ 10,057
Certificate of Deposit	23,209
Accounts Receivable	<u>2,764</u>
Total Current Assets	<u>36,030</u>
<u>CAPITAL ASSETS</u>	
Improvements Other Than Buildings	114,467
Less Accumulated Depreciation	<u>58,375</u>
Net Capital Assets	<u>56,092</u>
TOTAL ASSETS	<u><u>\$ 92,122</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	<u>\$ 0</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	56,092
Unrestricted	<u>36,030</u>
Total Net Assets	<u>92,122</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 92,122</u></u>

The accompanying notes are an integral part of the financial statements.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2005

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUND - MAJOR FUND

	<u>SEWER FUND</u>
<u>OPERATING REVENUES</u>	
Charges for Services	
Sewer Use Charges and Connection Fees	<u>\$         8,636</u>
<u>OPERATING EXPENSES</u>	
Public Works	
Contracted Services	
Operation and Maintenance	
Wexford County Department of Public Works	8,422
Depreciation	<u>2,289</u>
Total Operating Expenses	<u>10,711</u>
Operating Income (Loss)	(2,075)
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	<u>26</u>
Change in Net Assets	(2,049)
<u>NET ASSETS</u> - Beginning of Year	<u>94,171</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$         92,122</u></u>

The accompanying notes are an integral part of the financial statements.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2005

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUND - MAJOR FUND

	<u>SEWER FUND</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 8,443
Cash Payments to Suppliers for Goods and Services	<u>(8,422)</u>
Net Cash Provided (Used) by Operating Activities	\$ 21
Cash Flows from Investing Activities:	
Interest on Investments	<u>26</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 47
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<u>33,219</u>
<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u><u>\$ 33,266</u></u>
<u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>	
Operating Income (Loss)	<u>\$ (2,075)</u>
Adjustments to Reconcile Operating Income	
To Net Cash Provided by Operating Activities	
Depreciation	\$ 2,289
(Increase) Decrease in Current Assets	
Accounts Receivable	<u>(193)</u>
Total Adjustments	<u>\$ 2,096</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 21</u></u>

The accompanying notes are an integral part of the financial statements.



CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND

JUNE 30, 2005

ASSETS

Cash	\$ 5,718
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LIABILITIES AND NET ASSETS

Liabilities

Due to Other Funds	\$ 5,718
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Net Assets

0

TOTAL LIABILITIES AND NET ASSETS	\$ 5,718
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The notes to the financial statements are an integral part of this statement.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Clam Lake Township is a general law township located in Wexford County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that the Clam Lake Township Downtown Development Authority is a component unit of the Township. This component unit has been omitted from the Township's basic financial statements. The component unit is individually audited separate from the Township's audit.

**B. Government-wide and Fund Financial Statements**

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in Capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Clam Lake Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road Improvement Fund #11* accounts for revenue sources that are legally restricted to expenditure for road improvements.

The *Road Improvement Fund #12* accounts for revenue sources that are legally restricted to expenditure for road improvements.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditure for fire protection.

Clam Lake Township reports the following major proprietary funds:

The *Sewer Fund* records financial activity of the Township's portion of the Cadillac-Mitchell Sewer Loop Project. The Township participates in the Cadillac-Mitchell Sewer Loop Project with Selma Township and Cherry Grove Township.

Additionally Clam Lake Township reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *debt service funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *proprietary funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. Operating expenses for enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

***1. Deposits and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from date of acquisition.

- (I) The Township Board has authorized the Township Treasurer to invest in the following:
  - (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
  - (b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution. Authorized depositories shall be designated by the Clam Lake Township Board at the Board's organizational meeting after each regular election of board members.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in subdivision (a).
- (e) Bankers' acceptances of United States banks.
- (f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- (g) Mutual funds registered under the Investment Company Act of 1940, Title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by the Township Treasurer. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share. (Recommendation--the above limitation is recommended, however, the Treasurer may also include mutual funds whose net asset value may fluctuate on a periodic basis by so stating in this area).
- (h) Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- (i) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.

**2. *Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and 50% of Cadillac Area Public School's taxes are levied and due July 1, and become delinquent after September 14. County and the balance of school taxes are levied and due

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2004 taxable valuation of the Clam Lake Township totaled \$72,650,483, on which ad valorem taxes levied consisted of 0.9758 mills for the Clam Lake Township operating purposes, and 1.9525 mills for Clam Lake Township fire protection. These levies raised approximately \$63,635 for operating purposes and \$127,271 for fire protection.

**3. *Inventories and Prepaid Items***

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building improvements	15-30
Public domain infrastructure	50
Equipment	5-10

**5. *Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

**6. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**7. *Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted on June 9, 2004, or as amended by the Township Board from time to time throughout the year.



CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**B. Funds with Expenditures in Excess of Appropriations were as follows:**

The Township did not have any funds in which expenditures exceeded appropriations as June 30, 2005.

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

The Township's deposits and investments are all on deposit with Citizens Bank.

*Investment rate risk.* The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

*Foreign currency risk.* The Township is not authorized to invest in investments, which have this type of risk.

*Credit risk.* The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

*Concentration of credit risk.* The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2005, \$348,484 of the government's bank balance of \$590,035 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, all of the Township's investments were uncategorized as to risk.

At year-end, the carrying amount of the Township's deposits was \$476,119 and the bank balance was \$590,035. Of the bank balance, \$241,551 was covered by federal depository insurance. The remaining \$348,484 are in accounts which exceed the federal depository insurance of \$100,000 and are uncollateralized. In addition, the general fund had petty cash on hand of \$200.

The Township's carrying amount of deposits at year-end are shown below:

Citizens Bank	
Cadillac, Michigan	
Savings and Money Market Accounts	\$ 114,833
Certificates of Deposit	<u>361,286</u>
	<u>\$ 476,119</u>

**B. Receivables**

Receivables as of year end for the government's individual major fund and nonmajor funds in aggregate, are as follows:

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

	General	Road Improvement #11	Road Improvement #12	Fire	Sewer	Nonmajor And Other Funds	Total
Receivables							
Accounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,764	\$ 0	\$ 2,764
Taxes	111	0	0	114	0	0	225
Fiduciary	5,718	0	0	0	0	0	5,718
Special Assessments	0	13,425	5,338	0	0	802	19,565
	<u>\$ 5,829</u>	<u>\$ 13,425</u>	<u>\$ 5,338</u>	<u>\$ 114</u>	<u>\$ 2,764</u>	<u>\$ 802</u>	<u>\$ 28,272</u>

The allowance for doubtful accounts is not considered to be material for disclosure. In addition, any delinquent sewer service receivables can be placed on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**C. Capital Assets**

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 48,000	\$ 0	\$ 0	\$ 48,000
Capital assets, being depreciated				
Buildings	\$ 373,731	\$ 0	\$ 0	\$ 373,731
Land Improvements	129,846	0	0	129,846
Machinery and equipment	24,371	0	0	24,371
Total capital assets, being depreciated	\$ 527,948	\$ 0	\$ 0	527,948
Less accumulated depreciation for:				
Buildings	\$ 16,622	\$ 11,081	\$ 0	\$ 27,703
Land Improvements	9,738	6,493	0	16,231
Machinery and equipment	4,333	2,889	0	7,222
Total accumulated depreciation	\$ 30,693	\$ 20,463	\$ 0	\$ 51,156

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

Total capital assets, being depreciated, net	\$	497,255	\$	(20,463)	\$	0	\$	476,792
Governmental activities capital assets, net	\$	545,255	\$	(20,463)	\$	0	\$	524,792

Business-Type Activities

Capital assets, being depreciated								
Improvements other than buildings	\$	114,467	\$	0	\$	0	\$	114,467
Less accumulated depreciation for:								
Improvements other than buildings	\$	56,086	\$	2,289	\$	0	\$	58,375
Business-type activities capital assets, net	\$	58,381	\$	(2,289)	\$	0	\$	56,092

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$	20,463
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Business-type activities:

Sewer	\$	2,289
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Construction Commitments:

The government has no outstanding construction commitments as of June 30, 2005.

**D. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at June 30, 2005, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 7,452	\$ 0
Special Revenue Funds		
Road Improvement Fund #12	0	3,878
Fire Fund	0	3,574
	<u>\$ 7,452</u>	<u>\$ 7,452</u>

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

Interfund Transfers as of June 30, 2005, were:

	TRANSFERS	
	IN	OUT
<u>Primary Government</u>		
General Fund	\$ 7,317	\$ 976
Road Improvement Fund #11	0	5,901
Nonmajor Special Revenue Funds	976	1,416
	<u>\$ 8,293</u>	<u>\$ 8,293</u>

**E. Long-Term Debt**

At June 30, 2005, the Township was not obligated for any long-term debt.

**F. Fund Balance Reserves and Designations**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances/retained earnings in various funds. These reserves are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved

Special Revenue Funds

Road Improvement Fund #12

Road Improvements \$ 1,460

Fire Fund

Fire Protection 83,331

Street Lighting Fund #1

Street Lighting 1,099

Street Lighting Fund #2

Street Lighting 388 86,278

Debt Service Fund

Reserved for Debt Service

Sewer Project 2,323

TOTAL FUND BALANCE DESIGNATIONS

\$ 88,601

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

**IV. OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions insurance and workers' compensation. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

**B. Sewer Fund**

The Township is participating with Selma and Cherry Grove Townships in the Lakes Cadillac-Mitchell Sewer Loop Project. This project was being financed through state and federal grants and the sale of special assessment bonds. The total estimated cost of the project was \$2,605,674. Clam Lake Township's share of this project is 4.39% (\$114,467). This amount has been capitalized as an asset in the Sewer Fund. The Township has contracted with the Wexford County Department of Public Works to operate and maintain the system.

**C. Retirement Plan**

The Township has defined contribution pension plan with Manufacturers Life Insurance Company which covers Township officers which elect to be covered. Township contributions to the plan for 2004-2005, amounted to \$11,913. In addition, the Township paid \$928 in charges and participant fees. For the 2004-2005 year, total covered payroll amounted to approximately \$64,430 and total wages including non-covered payroll was \$68,387.

**D. Fire Protection Contract**

The Township entered into an agreement with the City of Cadillac on July 1, 2001, whereas, the City will provide the township with fire protection services. The agreement calls for the township to pay to the City on an annual basis an amount equal to two (2) mills on the taxable value of the real and personal property of the township as determined during each year of the contract. Also, the Township must pay the equivalent of one (1) mill on all property covered by an industrial facilities tax exemption or a commercial facilities tax exemption.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005

In addition to the above basic payment, Clam Lake agrees that should it be determined that special equipment (equipment not owned by the Cadillac Fire Department) or technical assistance is required to avert or prevent a hazard or hazardous condition, then all costs incurred by the City shall be paid by the Township.

**E. Component Unit**

The Clam Lake Township Downtown Development Authority is considered a component unit of Clam Lake Township. The DDA is authorized to impose an ad valorem tax on all taxable property within the established DDA Township. The following financial information was taken from the DDA's June 30, 2005 audited financial statements.

Total Assets	\$ 222,138
Net Assets – Unreserved	222,138
Total Revenues	74,640
Total Expenditures	29,051
Net Increase in Net Assets	45,589

A copy of these audited financial statements may be obtained on request from the DDA treasurer at 102 Doral Drive, Cadillac, Michigan 49601.

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2005

	GENERAL FUND				ROAD IMPROVEMENT FUND #11				ROAD IMPROVEMENT FUND #12				FIRE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>																
Taxes	\$ 93,500	\$ 93,500	\$ 92,397	\$ (1,103)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,500	\$ 142,500	\$ 127,271	\$ (15,229)
Licenses and Permits	1,000	1,000	7,482	6,482	0	0	0	0	0	0	0	0	0	0	0	0
State Grants	148,000	148,000	152,804	4,804	0	0	0	0	0	0	0	0	0	0	0	0
Charges for Services	12,000	12,000	8,779	(3,221)	0	0	0	0	0	0	0	0	0	0	0	0
Interest and Rents	4,300	4,300	11,199	6,899	0	0	0	0	0	0	0	0	0	0	0	0
Other Revenues	2,000	2,000	1,206	(794)	5,688	5,688	5,901	213	13,550	13,550	1,415	(12,135)	0	0	14,593	14,593
Total Revenues	\$ 260,800	\$ 260,800	\$ 273,867	\$ 13,067	\$ 5,688	\$ 5,688	\$ 5,901	\$ 213	\$ 13,550	\$ 13,550	\$ 1,415	\$ (12,135)	\$ 142,500	\$ 142,500	\$ 141,864	\$ (636)
<u>EXPENDITURES</u>																
Legislative	\$ 32,250	\$ 32,250	\$ 25,022	\$ 7,228	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Government	143,300	113,300	89,578	23,722	0	0	0	0	0	0	0	0	0	0	0	0
Public Safety	10,000	10,000	1,175	8,825	0	0	0	0	0	0	0	0	142,500	142,500	141,879	621
Public Works	34,000	114,122	111,820	2,302			0	0	0	0	0	0	0	0	0	0
Other Functions	69,500	69,500	22,417	47,083	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	34,000	34,000	0	34,000	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	\$ 323,050	\$ 373,172	\$ 250,012	\$ 123,160	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142,500	\$ 142,500	\$ 141,879	\$ 621
Excess (Deficiency) of Revenues Over Expenditures	\$ (62,250)	\$ (112,372)	\$ 23,855	\$ 136,227	\$ 5,688	\$ 5,688	\$ 5,901	\$ 213	\$ 13,550	\$ 13,550	\$ 1,415	\$ (12,135)	\$ 0	\$ 0	\$ (15)	\$ (15)
<u>OTHER FINANCING SOURCES (USES)</u>																
Transfers In	\$ 20,850	\$ 20,850	\$ 7,317	\$ (13,533)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	0	0	(976)	(976)	(5,688)	(5,688)	(5,901)	(213)	(13,550)	(13,550)	0	13,550	0	0	0	0
Total Other Financing Sources (Uses)	\$ 20,850	\$ 20,850	\$ 6,341	\$ (14,509)	\$ (5,688)	\$ (5,688)	\$ (5,901)	\$ (213)	\$ (13,550)	\$ (13,550)	\$ 0	\$ 13,550	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (41,400)	\$ (91,522)	\$ 30,196	\$ 121,718	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,415	\$ 1,415	\$ 0	\$ 0	\$ (15)	\$ (15)
FUND BALANCE - Beginning of Year	14,149	179,061	328,299	149,238	(3,873)	(3,873)	0	3,873	0	0	45	45	62,646	62,646	83,346	20,700
FUND BALANCE - End of Year	\$ (27,251)	\$ 87,539	\$ 358,495	\$ 270,956	\$ (3,873)	\$ (3,873)	\$ 0	\$ 3,873	\$ 0	\$ 0	\$ 1,460	\$ 1,460	\$ 62,646	\$ 62,646	\$ 83,331	\$ 20,685



CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

BALANCE SHEET  
JUNE 30, 2005

ASSETS

Cash	
Petty Cash	\$ 200
Money Market Account	8,693
Certificates of Deposit	338,077
Taxes Receivable	111
Due from Fire Fund	3,574
Due from Road Fund #12	3,878
Due from Fiduciary Fund	<u>5,718</u>
 TOTAL ASSETS	 <u><u>\$ 360,251</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Payroll Withholdings	\$ 1,349
Accrued Payroll Taxes	<u>407</u>
 Total Liabilities	 <u>\$ 1,756</u>

FUND BALANCE

Unreserved	
Designated for Fire Equipment	\$ 69,878
Undesignated	<u>288,617</u>
 Total Fund Balance	 <u>\$ 358,495</u>

TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 360,251</u></u>
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CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes	\$ 93,500	\$ 92,397	\$ (1,103)
Licenses and Permits	1,000	7,482	6,482
State Grants	148,000	152,804	4,804
Charges for Services	12,000	8,779	(3,221)
Interest and Rents	4,300	11,199	6,899
Other Revenues	2,000	1,206	(794)
Total Revenues	\$ 260,800	\$ 273,867	\$ 13,067
<u>EXPENDITURES</u>			
Legislative			
Township Board	\$ 32,250	\$ 25,022	\$ 7,228
General Government			
Supervisor	13,400	12,394	1,006
Election	2,500	2,444	56
Assessor	30,500	21,521	8,979
Clerk	14,150	13,244	906
Board of Review	1,250	982	268
Treasurer	20,300	18,829	1,471
Building and Grounds	24,000	14,779	9,221
Cemetery	7,200	5,385	1,815
Public Safety	10,000	1,175	8,825
Public Works	114,122	111,820	2,302
Other Functions	103,500	22,417	81,083
Total Expenditures	\$ 373,172	\$ 250,012	\$ 123,160
Excess of Revenues			
Over (Under) Expenditures	\$ (112,372)	\$ 23,855	\$ 136,227

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
Street Lighting Fund #2	\$ 0	\$ (976)	\$ (976)
Road Fund #6	20,850	759	(20,091)
Road Fund #7	0	657	657
Road Fund #11	0	5,901	5,901
Total Other Financing Sources (Uses)	\$ 20,850	\$ 6,341	\$ (14,509)
Net Change in Fund Balance	\$ (91,522)	\$ 30,196	\$ 121,718
<u>FUND BALANCE</u> - July 1, 2004	179,061	328,299	149,238
<u>FUND BALANCE</u> - June 30, 2005	\$ 87,539	\$ 358,495	\$ 270,956

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES  
FOR THE YEAR ENDED JUNE 30, 2005

TAXES

Current Property Tax	\$	63,635	
Property Tax Administrative Fee		27,595	
Swamp Tax		59	
Act 425		1,108	
Total Taxes			\$ 92,397

LICENSES AND PERMITS

Cable Television Franchise Fees	\$	6,657	
Land Division Fees		825	
Total Licenses and Permits			7,482

STATE GRANTS

State Revenue Sharing			
Sales and Use Tax			152,804

CHARGES FOR SERVICES

Dog License Fees	\$	23	
Summer Tax Collection		6,596	
Cemetery Lots and Grave Openings		2,160	
Total Charges for Services			8,779

INTEREST AND RENTS

Interest Earnings	\$	7,424	
Hall Rentals		3,775	
Total Interest and Rents			11,199

OTHER REVENUES

Refunds	\$	426	
Miscellaneous		780	
Total Other Revenues			1,206
TOTAL REVENUES			\$ 273,867

OTHER FINANCING SOURCES

Transfers In			
Road Fund #6			\$ 759
Road Fund #7			657
Road Fund #11			5,901
Total Other Financing Sources			\$ 7,317
TOTAL REVENUES AND OTHER FINANCING SOURCES			\$ 281,184

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005

LEGISLATIVE

Township Board		
Personal Services		
Salaries and Wages	\$	2,238
Supplies		
Office Supplies		189
Postage		1,192
Other Services and Charges		
Professional Services		8,396
Transportation		18
Education and Training		65
Tax Bill Preparation		3,296
Printing and Publishing		464
Recycling		4,739
Itch Control		52
Dues and Subscriptions		3,586
Miscellaneous		<u>787</u>
Total Legislative	\$	25,022

GENERAL GOVERNMENT

Supervisor		
Personal Services		
Salaries and Wages		
Supervisor	\$	12,000
Other Services and Charges		
Transportation		229
Education and Training		<u>165</u>
Total Supervisor	\$	12,394
Election		
Personal Services		
Salaries and Wages	\$	1,906
Supplies		
Office Supplies		507
Other Services and Charges		
Transportation		7

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005

Printing and Publishing	<u>24</u>	
Total Elections		2,444
Assessor		
Personal Services		
Salaries and Wages		
Assessor	\$ 21,192	
Supplies		
Office Supplies	277	
Postage	<u>52</u>	
Total Assessor		21,521
Clerk		
Personal Services		
Salaries and Wages		
Clerk	\$ 12,000	
Deputy	329	
Supplies		
Office Supplies	451	
Postage	360	
Other Services and Charges		
Transportation	39	
Education and Training	<u>65</u>	
Total Clerk		13,244
Board of Review		
Personal Services		
Salaries and Wages	\$ 882	
Other Services and Charges		
Education and Training	<u>100</u>	
Total Board of Review		982
Treasurer		
Personal Services		
Salaries and Wages		
Treasurer	\$ 13,000	
Deputy	117	
Summer Tax Collection	4,000	
Supplies		
Office Supplies	188	

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005

Postage	888	
Other Services and Charges		
Transportation	386	
Dues and Fees	250	
	<hr/>	
Total Treasurer		18,829
Building and Grounds		
Personal Services		
Salaries and Wages	\$ 722	
Supplies		
Office Supplies	4,468	
Postage	4	
Operating Supplies	317	
Other Services and Charges		
Contracted Services	1,380	
Plowing	600	
Lawn Service	1,455	
Telephone	1,165	
Public Utilities	2,199	
Repairs and Maintenance	691	
Dues and Fees	94	
Miscellaneous	1,684	
	<hr/>	
Total Building and Grounds		14,779
Cemetery		
Supplies		
Office Supplies	\$ 77	
Operating Supplies	182	
Other Services and Charges		
Contracted Services	2,685	
Professional Services	65	
Lawn Service	535	
Public Utilities	89	
Repairs and Maintenance	1,172	
Miscellaneous	580	
	<hr/>	
Total Cemetery		<hr/> 5,385
Total General Government		89,578

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005

PUBLIC SAFETY

Fire Department		
Other Services and Charges		
Miscellaneous	\$	350
Land Division		
Other Services and Charges		
Contracted Services		825
		<hr/>
Total Public Safety		1,175

PUBLIC WORKS

Street Lighting		
Other Services and Charges		
Public Utilities	\$	1,698
Highways, Streets, and Bridges		
Other Services and Charges		
Capital Outlay		110,122
		<hr/>
Total Public Works		111,820

OTHER FUNCTIONS

Insurance and Bonds	\$	4,165
Employee Benefits		
Medicare and Social Security		5,189
Workers' Compensation		222
Pension Contribution		12,841
		<hr/>
Total Other Functions		22,417
		<hr/>
Total Expenditures	\$	250,012
		<hr/>

OTHER FINANCING USES

Transfer Out		
Street Lighting #2	\$	976
		<hr/>
Total Expenditures and Other Financing Uses	\$	250,988
		<hr/>



CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND #11

BALANCE SHEET  
JUNE 30, 2005

ASSETS

Special Assessments Receivable	<u>\$ 13,425</u>
--------------------------------	------------------

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred Revenue	\$ 13,425
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FUND BALANCE

Reserved for Road Improvement	<u>0</u>
-------------------------------	----------

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,425</u>
------------------------------------	------------------

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND #11  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Other Revenues			
Special Assessments	\$ 5,688	\$ 4,268	\$ (1,420)
Interest on Special Assessments	0	1,415	1,415
Penalties on Late Payments	0	218	218
Total Revenues	\$ 5,688	\$ 5,901	\$ 213
<u>EXPENDITURES</u>			
Public Works			
Highways, Streets, and Bridges			
Repairs and Maintenance	0	0	0
Excess of Revenues Over (Under) Expenditures	\$ 5,688	\$ 5,901	\$ 213
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out			
General Fund	(5,688)	(5,901)	(213)
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE - July 1, 2004</u>	0	0	0
<u>FUND BALANCE - June 30, 2005</u>	\$ 0	\$ 0	\$ 0

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND #12

BALANCE SHEET  
JUNE 30, 2005

ASSETS

Special Assessments Receivable	<u>\$ 5,338</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Due to General Fund	\$ 3,878
---------------------	----------

FUND BALANCE

Reserved for Road Improvement	<u>1,460</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,338</u>
------------------------------------	-----------------

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND #12  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Other Revenues			
Special Assessments	\$ 13,550	\$ 0	\$ (13,550)
Interest on Special Assessments	0	1,313	1,313
Penalties on Late Payments	0	102	102
Total Revenues	\$ 13,550	\$ 1,415	\$ (12,135)
<u>EXPENDITURES</u>			
Public Works			
Highways, Streets, and Bridges			
Repairs and Maintenance	0	0	0
Excess of Revenues Over (Under) Expenditures	\$ 13,550	\$ 1,415	\$ (12,135)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out			
General Fund	(13,550)	0	13,550
Net Change in Fund Balance	\$ 0	\$ 1,415	\$ 1,415
<u>FUND BALANCE - July 1, 2004</u>	0	45	45
<u>FUND BALANCE - June 30, 2005</u>	\$ 0	\$ 1,460	\$ 1,460

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

FIRE FUND

BALANCE SHEET  
JUNE 30, 2005

ASSETS

Cash	\$ 86,791
Taxes Receivable	<u>114</u>
 TOTAL ASSETS	 <u><u>\$ 86,905</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to General Fund	\$ 3,574
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FUND BALANCE

Reserved for Fire Protection	<u>83,331</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 86,905</u></u>
------------------------------------	-------------------------

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes			
Current Property Taxes	\$ 142,500	\$ 127,271	\$ (15,229)
Other Revenues			
Downtown Development Authority			
Reimbursement	0	14,593	14,593
Total Revenues	\$ 142,500	\$ 141,864	\$ (636)
<u>EXPENDITURES</u>			
Public Safety			
Fire Department			
Aid to Other Government			
Fire Contract - City of Cadillac	142,500	141,879	621
Excess of Revenues Over (Under) Expenditures	\$ 0	\$ (15)	\$ (15)
<u>FUND BALANCE</u> - July 1, 2004	62,646	83,346	20,700
<u>FUND BALANCE</u> - June 30, 2005	\$ 62,646	\$ 83,331	\$ 20,685

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

SEWER FUND

STATEMENT OF NET ASSETS  
JUNE 30, 2005

ASSETS

CURRENT ASSETS

Cash	
Savings Account	\$ 10,057
Certificate of Deposit	23,209
Accounts Receivable	<u>2,764</u>
 Total Current Assets	 \$ <u>36,030</u>

CAPITAL ASSETS

Improvements Other than Buildings	\$ 114,467
Less Accumulated Depreciation	<u>58,375</u>
 Net Capital Assets	 \$ <u>56,092</u>
 TOTAL ASSETS	 \$ <u><u>92,122</u></u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>	\$ <u>0</u>
--------------------	-------------

NET ASSETS

Invested in Capital Assets	\$ 56,092
Unrestricted	<u>36,030</u>
 Total Net Assets	 \$ <u>92,122</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u><u>92,122</u></u>

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

SEWER FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2005

OPERATING REVENUES

Charges for Services	
Sewer Use Charges and Connection Fees	<u>\$        8,636</u>

OPERATING EXPENSES

Public Works	
Contracted Services	
Operation and Maintenance	
Wexford County Department of Public Works	\$        8,422
Depreciation	<u>2,289</u>
 Total Operating Expenses	 <u>\$      10,711</u>
 Operating Income (Loss)	 \$      (2,075)

NONOPERATING REVENUES (EXPENSES)

Interest Income	<u>26</u>
 Change in Net Assets	 \$      (2,049)

<u>FUND NET ASSETS</u> - Beginning of Year	<u>94,171</u>
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<u>FUND NET ASSETS</u> - End of Year	<u><u>92,122</u></u>
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CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

SEWER FUND

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2005

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows from Operating Activities:

Cash Received from Customers	\$ 8,443
Cash Payments to Suppliers for Goods and Services	<u>(8,422)</u>

Net Cash Provided (Used) by Operating Activities	\$ 21
--------------------------------------------------	-------

Cash Flows from Investing Activities:

Interest on Investments	<u>\$ 26</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	\$ 47
------------------------------------------------------	-------

<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<u>33,219</u>
------------------------------------------------------	---------------

<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u><u>\$ 33,266</u></u>
------------------------------------------------	-------------------------

RECONCILIATION OF OPERATING INCOME

TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income (Loss)	<u>\$ (2,075)</u>
-------------------------	-------------------

Adjustments to Reconcile Operating Income

To Net Cash Provided by Operating Activities

Depreciation	\$ 2,289
(Increase) Decrease in Current Assets	
Accounts Receivable	<u>(193)</u>

Total Adjustments	<u>\$ 2,096</u>
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NET CASH PROVIDED BY  
OPERATING ACTIVITIES

<u><u>\$ 21</u></u>
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CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING BALANCE SHEET  
JUNE 30, 2005

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	TOTALS
<u>ASSETS</u>			
Cash	\$ 1,487	\$ 2,087	\$ 3,574
Special Assessments Receivable	566	236	802
 TOTAL ASSETS	 \$ 2,053	 \$ 2,323	 \$ 4,376
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Deferred Revenues	\$ 566	\$ 0	\$ 566
 <u>FUND BALANCE</u>			
Reserved	\$ 1,487	\$ 2,323	\$ 3,810
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 2,053	 \$ 2,323	 \$ 4,376

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2005

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	TOTALS
<u>REVENUES</u>			
Taxes	\$ 3,988	\$ 0	\$ 3,988
Interest and Rents	0	5	5
Other Revenues	239	51	290
Total Revenues	\$ 4,227	\$ 56	\$ 4,283
<u>EXPENDITURES</u>			
Public Works	2,295	0	2,295
Excess of Revenues Over (Under) Expenditures	\$ 1,932	\$ 56	\$ 1,988
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 976	\$ 0	\$ 976
Transfers Out	(1,416)	0	(1,416)
Total Other Financing Sources (Uses)	\$ (440)	\$ 0	\$ (440)
Net Change in Fund Balances	\$ 1,492	\$ 56	\$ 1,548
<u>FUND BALANCES</u> - Beginning of Year (Deficit)	(5)	2,267	2,262
<u>FUND BALANCES</u> - End of Year	\$ 1,487	\$ 2,323	\$ 3,810

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2005

	ROAD IMPROVEMENT FUND #6	ROAD IMPROVEMENT FUND #7	STREET LIGHTING FUND #1
<u>ASSETS</u>			
Cash			
Money Market and Savings Accounts	\$          0	\$          0	\$         1,099
Special Assessments Receivable	0	566	0
	<hr/>		
TOTAL ASSETS	\$          0	\$         566	\$         1,099
	<hr/> <hr/>		
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Deferred Revenue	\$          0	\$         566	\$          0
	<hr/>		
<u>FUND BALANCE</u>			
Reserved for:			
Street Lighting	\$          0	\$          0	\$         1,099
Unreserved	0	0	0
	<hr/>		
Total Fund Balance	\$          0	\$          0	\$         1,099
	<hr/>		
TOTAL LIABILITIES AND FUND BALANCE	\$          0	\$         566	\$         1,099
	<hr/> <hr/>		

STREET LIGHTING FUND #2	TOTAL
\$ 388	\$ 1,487
0	566
<u>\$ 388</u>	<u>\$ 2,053</u>
<u>\$ 0</u>	<u>\$ 566</u>
\$ 388	\$ 1,487
0	0
<u>\$ 388</u>	<u>\$ 1,487</u>
<u>\$ 388</u>	<u>\$ 2,053</u>

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2005

	ROAD IMPROVEMENT FUND #6	ROAD IMPROVEMENT FUND #7	STREET LIGHTING FUND #1
<u>REVENUES</u>			
Taxes	\$ 611	\$ 566	\$ 1,225
Other Revenues	148	91	0
Total Revenues	\$ 759	\$ 657	\$ 1,225
<u>EXPENDITURES</u>			
Public Works	0	0	961
Excess of Revenues Over (Under) Expenditures	\$ 759	\$ 657	\$ 264
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	\$ 0	\$ 0	\$ 0
Transfers Out	(759)	(657)	0
Total Other Financing Sources (Uses)	\$ (759)	\$ (657)	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 264
<u>FUND BALANCE</u> - Beginning of Year (Deficit)	0	0	835
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 1,099

STREET LIGHTING FUND #2	TOTAL
\$ 1,586 0	\$ 3,988 239
\$ 1,586	\$ 4,227
1,334	2,295
\$ 252	\$ 1,932
\$ 976 0	\$ 976 (1,416)
\$ 976	\$ (440)
\$ 1,228	\$ 1,492
(840)	(5)
\$ 388	\$ 1,487

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND #6

BALANCE SHEET  
JUNE 30, 2005

ASSETS

Special Assessments Receivable	\$ 0
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LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred Revenue	\$ 0
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FUND BALANCE

Reserved for Road Improvement	0
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TOTAL LIABILITIES AND FUND BALANCE	\$ 0
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CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND #6  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Other Revenues			
Special Assessments	\$ 660	\$ 611	\$ (49)
Interest on Special Assessments	0	49	49
Penalties on Late Payments	0	99	99
Total Revenues	\$ 660	\$ 759	\$ 99
<u>EXPENDITURES</u>	0	0	0
Excess of Revenues Over (Under) Expenditures	\$ 660	\$ 759	\$ 99
<u>OTHER FINANCING (USES)</u>			
Transfer Out			
General Fund	(660)	(759)	(99)
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u> - July 1, 2004	0	0	0
<u>FUND BALANCE</u> - June 30, 2005	\$ 0	\$ 0	\$ 0

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND #7

BALANCE SHEET  
JUNE 30, 2005

ASSETS

Special Assessments Receivable	<u>\$ 566</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred Revenue	\$ 566
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FUND BALANCE

Reserved for Road Improvement	<u>0</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 566</u>
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CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND #7  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE))
<u>REVENUES</u>			
Other Revenues			
Special Assessments	\$ 657	\$ 566	\$ (91)
Interest on Special Assessments	0	91	91
Total Revenues	\$ 657	\$ 657	\$ 0
<u>EXPENDITURES</u>	0	0	0
Excess of Revenues Over (Under) Expenditures	\$ 657	\$ 657	\$ 0
<u>OTHER FINANCING (USES)</u>			
Transfer Out			
General Fund	(657)	(657)	0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u> - July 1, 2004	0	0	0
<u>FUND BALANCE</u> - June 30, 2005	\$ 0	\$ 0	\$ 0

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STREET LIGHTING FUND #1

BALANCE SHEET  
JUNE 30, 2005

ASSETS

Cash

Savings and Money Market Account

\$ 1,099

LIABILITIES AND FUND BALANCE

LIABILITIES

\$ 0

FUND BALANCE

Reserved for Street Lighting

1,099

TOTAL LIABILITIES AND FUND BALANCE

\$ 1,099

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STREET LIGHTING FUND #1  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes			
Current Property Taxes	\$ 1,225	\$ 1,225	\$ 0
<u>EXPENDITURES</u>			
Public Works			
Street Lighting			
Other Services and Charges			
Public Utilities	\$ 1,225	\$ 870	\$ 355
Printing and Publishing	0	91	(91)
Total Expenditures	\$ 1,225	\$ 961	\$ 264
Excess of Revenues Over (Under) Expenditures	\$ 0	\$ 264	\$ (264)
<u>FUND BALANCE - July 1, 2004</u>	778	835	57
<u>FUND BALANCE - June 30, 2005</u>	\$ 778	\$ 1,099	\$ 321

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STREET LIGHTING FUND #2

BALANCE SHEET  
JUNE 30, 2005

ASSETS

Cash

Savings and Money Market Account

\$ 388

LIABILITIES AND FUND BALANCE

LIABILITIES

\$ 0

FUND BALANCE

Reserved for Street Lighting

388

TOTAL LIABILITIES AND FUND BALANCE

\$ 388

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STREET LIGHTING FUND #2  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Taxes			
Current Property Taxes	\$ 3,012	\$ 1,586	\$ (1,426)
<u>EXPENDITURES</u>			
Public Works			
Street Lighting			
Other Services and Charges			
Public Utilities	\$ 3,012	\$ 472	\$ 2,540
Attorney Fees	0	862	(862)
Total Expenditures	\$ 3,012	\$ 1,334	\$ 1,678
Excess of Revenues Over (Under) Expenditures	\$ 0	\$ 252	\$ 252
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
General Fund	\$ 0	\$ 976	\$ 976
Net Change in Fund Balance	\$ 0	\$ 1,228	\$ 1,228
<u>FUND BALANCE</u> - July 1, 2004 (Deficit)	300	(840)	(1,140)
<u>FUND BALANCE</u> - June 30, 2005	\$ 300	\$ 388	\$ 88

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR DEBT SERVICE FUND - SEWER PROJECT

BALANCE SHEET  
JUNE 30, 2005

ASSETS

Cash on Deposit	
Savings Account	\$ 2,087
Special Assessments Receivable	<u>236</u>
 TOTAL ASSETS	 \$ <u><u>2,323</u></u>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
 <u>FUND BALANCE</u>	
Reserved for Debt Retirement	<u>2,323</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u><u>2,323</u></u>



CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR DEBT SERVICE FUND - SEWER PROJECT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2005

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Interest on Investments	\$ 0	\$ 5	\$ 5
Special Assessments Including Interest	215	51	(164)
Total Revenues	\$ 215	\$ 56	\$ (159)
<u>EXPENDITURES</u>	0	0	0
Excess of Revenues Over (Under) Expenditures	\$ 215	\$ 56	\$ (159)
<u>FUND BALANCE</u> - July 1, 2004	1,764	2,267	503
<u>FUND BALANCE</u> - June 30, 2005	\$ 1,979	\$ 2,323	\$ 344

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 2005

	BALANCE		BALANCE	
	7/1/2004	ADDITIONS	DEDUCTIONS	6/30/2005
<u>ASSETS</u>				
Cash				
Money Market Account	\$ 5,515	\$ 2,392,970	\$ 2,392,767	\$ 5,718
<u>LIABILITIES</u>				
Due to Other Funds	\$ 5,515	\$ 301,919	\$ 301,716	\$ 5,718
Due to Other Governmental Units	0	2,088,965	2,088,965	0
Due to Other Organizations and Individuals	0	2,086	2,086	0
TOTAL LIABILITIES	\$ 5,515	\$ 2,392,970	\$ 2,392,767	\$ 5,718

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF 2004 WINTER PROPERTY TAX ROLL  
JUNE 30, 2005

TAXES ASSESSED

County		\$	687,418	
Township				
Operating	\$	63,635		
Fire		127,271		
Street Lighting		2,811		
Special Assessment - Road Improvements		7,649		
Special Assessment - Sewer Service		837		
Downtown Development Authority		<u>72,641</u>	274,844	
Schools				
Cadillac Area Public Schools	\$	355,136		
Pine River Area Schools		24,063		
McBain Rural Agricultural School		<u>1,814</u>	381,013	
Intermediate School				
Wexford-Missaukee			<u>434,823</u>	\$ 1,778,098

TAXES COLLECTED

County		\$	612,030	
Township				
Operating	\$	56,698		
Fire		113,389		
Street Lighting		2,375		
Special Assessment - Road Improvements		5,457		
Special Assessment - Sewer Service		65		
Downtown Development Authority		<u>63,489</u>	241,473	
Schools				
Cadillac Area Public Schools	\$	308,334		
Pine River Area Schools		21,865		
McBain Rural Agricultural School		<u>1,786</u>	331,985	
Intermediate School				
Wexford-Missaukee			<u>386,648</u>	<u>1,572,136</u>

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF 2004 WINTER PROPERTY TAX ROLL  
JUNE 30, 2005

TAXES RETURNED DELINQUENT

County		\$	75,388	
Township				
Operating	\$	6,937		
Fire		13,882		
Street Lighting		436		
Special Assessment - Road Improvements		2,192		
Special Assessment - Sewer Service		772		
Downtown Development Authority		9,152	33,371	
Schools				
Cadillac Area Public Schools	\$	46,802		
Pine River Area Schools		2,198		
McBain Rural Agricultural School		28	49,028	
Intermediate School				
Wexford-Missaukee			48,175	\$ 205,962

CLAM LAKE TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF 2004 SUMMER PROPERTY TAX ROLL  
JUNE 30, 2005

TAXES ASSESSED

County - State Education Tax	\$	435,894	
Schools			
Cadillac Area Public Schools		<u>355,139</u>	\$ 791,033

TAXES COLLECTED

County - State Education Tax	\$	407,512	
Schools			
Cadillac Area Public Schools		<u>325,309</u>	<u>732,821</u>

TAXES RETURNED DELINQUENT

County - State Education Tax	\$	28,382	
Schools			
Cadillac Area Public Schools		<u>29,830</u>	<u>\$ 58,212</u>

*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

September 15, 2005

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Clam Lake Township  
Wexford County  
Cadillac, Michigan

As a result of our audit of the financial statements of Clam Lake Township for the year ended June 30, 2005, we would like to take this opportunity to comment on the following items relative to the management and accounting procedures of the Township.

Budgeting

Pertaining to the Township's compliance with Public Act 621 of 1978, the following items are noted:

- (1) Overall, the budgeting procedures used by the Township are extremely accurate, and we encourage the Township to continue this excellent effort.

Reportable Condition in Internal Controls

In planning and performing our audit of the financial statements of Clam Lake Township for the year ended June 30, 2005, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

Certain matters considered to be reportable conditions in internal control were noted. We have included a separate letter (letter of reportable conditions) which addresses those items noted.

We would like to thank the Board for its continued confidence in our firm by awarding us the audit assignment of the Township. We would also like to thank the Clerk and Treasurer for their cooperation in helping us fulfill the audit of the Township records.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

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M. WAYNE BEATTIE, C.P.A.  
1902 - 1990  
JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.  
ROBERT V. BEATTIE, C.P.A.  
DOUGLAS P. McMULLEN, C.P.A.  
JOHN F. TAYLOR, C.P.A.  
STEVEN C. ARENDS, C.P.A.  
SCOTT A. HUNTER, C.P.A.  
JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

September 15, 2005

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Clam Lake Township  
Wexford County  
Cadillac, Michigan

In planning and performing our audit of the basic financial statements of Clam Lake Township, Wexford County, Cadillac, Michigan for the year ended June 30, 2005, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*